

Ofgem Forward Work Programme 2019-21 - Synopsis

Ofgem is currently consulting on its work for 2019-21 and would like your views by **15 February 2019**. You can respond by emailing your response to FWP@Ofgem.gov.uk. You can see the full consultation [here](#). Ofgem has decided to consult on a two year forward work programme as it coincides with several key developments, including smart meter rollout and Brexit. There are 4 key priorities, with smart issues featuring prominently within the first 2:

- **Priority 1 - Making retail markets work for all**
- **Priority 2 - Enabling future markets and system Arrangements.**
- **Priority 3 - Network Preparedness and Performance**
- **Priority 4 - Excellence in statutory and core functions**

Below is more detail on each of the priorities. Text in italics is taken from the consultation itself.

Priority 1 - Making retail markets work for all

The key activities will look at licencing arrangements – including market entry and exit, and sustainability:

- **Supplier licensing review** – *Continue to introduce changes to raise standards around financial sustainability.*
- **Strategic review of the micro-business retail market** – *To understand market challenges and consumer experience, and identify the case for short and medium-term actions, by March 2021*
- **Development of vulnerability and consumer policy** – *To publish the consumer vulnerability report by July 2019 and bring forward a new best-in-class strategy to address the needs of all consumers, particularly the vulnerable, by August 2019*
- **Midata* in the energy sector** – *Ofgem will work with BEIS and industry to help consumers to better engage with the market through data-driven solutions, through the design and implementation of a new midata standard, by October 2019*
- **Data services for disengaged consumers** – *To target consumers through data to reduce barriers to effective engagement by October 2019, to ensure obligations are met on an ongoing basis*
- **Energy market challenge** – *Ofgem will work with BEIS and industry to test up to eight innovative products and / or services to improve consumer engagement, by August 2020*
- **Switching Programme** – *Improve consumers' experience of switching, leading to greater engagement in the retail energy market, by designing and implementing a new switching process that is reliable, fast and cost-effective, by Summer 2021*

*Part of the wider [Midata programme](#) around consumer data and how consumers can use it.

SEC Parties may be particularly interested in the Midata work and data services for disengaged consumers due to the close link with the operation of smart metering. The energy market challenge

will also be of interest with smart energy and devices offering greater opportunities for innovation. The switching programme will have strong links to smart metering with the DCC operating the Central Switching Service.

Priority 2 - Enabling future markets and system arrangements.

This is the most directly smart related area of work and key activities will be:

A) Implementing new systems and rules for a smarter, more flexible energy system which will include the following activities:

- *Supplier oversight and policy: smart meter compliance – Hold suppliers to account for the roll out of smart metering and for delivery of a positive consumer experience (ongoing)*
- *Electricity settlement reform – Scope out, consult on and decide upon market-wide new arrangements for half-hourly electricity settlement, in the second half of 2019*
- *DCC compliance, including price control – Support the efficient and effective roll out of smart metering, by improving DCC performance and efficiency (ongoing)*
- *DCC price control review – Design improvements to the price control, to better match DCC operations post-mass rollout, and to deliver improved performance and lower costs from the DCC, by Spring 2021*

This is the most relevant priority within the workplan for SEC Parties.

B) Working with innovators and stakeholders to develop sustainable energy solutions and systems for future consumers

- *Joint review of codes and code governance – Consider options with BEIS for improving existing arrangements to deliver a revised regulatory framework which will be capable of delivering the changes that will be required to move to a clean, smart, and consumer led energy system, by Summer 2019*
- *Review of future retail market design – Review the current retail market arrangements and recommend reforms to ensure that the market design is fit for the future and puts the needs of consumers at the heart of the energy system, by March 2020*
- *Supporting innovators – Provide support on energy regulation to businesses who wish to launch new products, services or business models through Ofgem’s ‘one stop shop’ – the Innovation Link (ongoing)*
- *Decarbonising energy – Ensure appropriate regulatory responses to the future challenges of decarbonising transport (including electric vehicles) and decarbonising heat (including the regulation of heat networks - if requested) (ongoing)*

The work on supporting innovators may offer particular interest to Other SEC Parties in areas of innovation and new services but also all SEC Parties in the way they may need to consider the impact on their current services.

C) Developing improved network access, charging, system operation and wholesale market arrangements to enable efficient future energy markets

The activities under this workstream are more related to network access and charging so have a less direct connection to SEC Parties.

D) System stability and security

The activities under this section relate more to security of supply with some cyber security issues which will be familiar to SEC Parties as part of their SEC responsibilities.

- *EU exit implementation*
- *Capacity Mechanism*
- *Gas Flexibility/Security of Supply*
- *Black Start*
- *NIS Regulation – Monitor, evaluate and report on how energy companies keep networks secure and consumer data safe through our joint Competent Authority role (ongoing)*

Priority 3 Network Preparedness and Performance

This section focusses on efficiency and price control with less direct smart activity.

4. Excellence in statutory and core functions

Again, these are more general and less focussed on particular issues although they will have an impact on smart issues, as on the other work of Ofgem. The areas of work are:

- Ensuring effective licensing and market arrangements
- Proactive market monitoring and consumer protection
- Delivering large-scale renewable energy and social programmes
- Enhancing our industry-specialist skills and capabilities